

Message Text

UNCLASSIFIED

PAGE 01 CANBER 01508 010655Z

ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-15 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 PA-02 /112 W
-----071715 011239Z /23

R 010321Z MAR 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 2550
INFO AMCONSUL BRISBANE
AMCONSUL MELBOURNE
AMEMBASSY PARIS
AMCONSUL PERTH
AMCONSUL SYDNEY
AMEMBASSY TOKYO
AMEMBASSY WELLINGTON

UNCLAS CANBERRA 1508

USOECD

E.O. 11652: N/A

TAGS: EALR, ECON, ELAB, AS

SUBJ: CONCILIATION AND ARBITRATION COMMISSION ANNOUNCES
ITS DECISION IN NATIONAL WAGE CASE

REF: (A) CANBERRA 0655 (B) 77 CANBERRA 8666

1. IN A FEBRUARY 28 DECISION WHICH ENTIRELY PLEASED
NEITHER EMPLOYERS NOR UNIONS, CONCILIATION AND ARBITRATION
COMMISSION AWARDED A 1.5 PERCENT RISE ON WAGES UP TO
A DOLS 170 A WEEK AND A FLAT A DOLS 2.60 TO WORKERS ABOVE THIS
LEVEL.

2. THE UNION MOVEMENT HAD SOUGHT A FULL FLOW-ON OF THE 2.3
PERCENT INCREASE IN THE DECEMBER QUARTER CONSUMER PRICE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CANBER 01508 010655Z

INDEX, AND UNION LEADERS HAVE DESCRIBED THE COMMISSION'S
DECISION AS "UNJUST" AND THAT WORST DECISION SINCE WAGE
INDEXATION WAS INTRODUCED.

3. ON THE OTHER HAND, EMPLOYERS' ORGANIZATIONS WERE ALSO
CRITICAL OF THE DECISION, CLAIMING IT WOULD ADD BETWEEN
A DOLS 600 AND A DOLS 700 MILLION TO THE NATIONAL WAGE BILL

AND THAT THIS WOULD DO NOTHING TO HELP REDUCE UNEMPLOYMENT OR INFLATION.

4. THE GOVERNMENT GAVE THE DECISION A LUKEWARM RECEPTION. TREASURER HOWARD COMMENTED THAT THE COMMISSION HAD OBVIOUSLY BEEN INFLUENCED BY THE GOVERNMENT'S PLEAS FOR WAGE RESTRAINTS BUT THAT THE COMMISSION SHOULD HAVE GIVEN GREATER WEIGHT TO RECENT PERSONAL INCOME TAX CUTS AND OTHER ECONOMIC FACTORS. "A DECISION OF THIS SIZE WOULD DO VERY LITTLE TO GET THE UNEMPLOYED BACK TO WORK", HE SAID.

5. MINISTER FOR EMPLOYMENT AND INDUSTRIAL RELATIONS STREET SAID THAT COMMISSION'S DECISION ENDORSED THE GOVERNMENT'S POLICY OF GIVING PRIORITY TO CONTROLLING INFLATION, BUT EXPRESSED CONCERN AT THE FREQUENCY OF WAGE CASE HEARINGS. HE SAID THE GOVERNMENT WILL PRESS FOR AN END TO THE QUARTERLY WAGE HEARINGS, PREFERRING HALF-YEARLY OR YEARLY HEARINGS WHICH, HOPEFULLY, WOULD GIVE GREATER STABILITY TO THE BUSINESS COMMUNITY.

6. COMMENT: WAGE INDEXATION WAS INTRODUCED IN EARLY 1975 IN A PERIOD OF HIGH INFLATION ACCOMPANIED BY WAGE INCREASES FAR IN EXCESS OF PRODUCTIVITY GAINS OR RATE OF INFLATION. INITIALLY VIEWED AS A MEANS OF RESTRAINING WAGE INCREASES WITHOUT REDUCING REAL INCOME OF LABOR, WAGE INDEXATION BEFORE LONG BECAME PARTIAL WAGE INDEXATION. PARTIAL INDEXATION UNCLASSIFIED

UNCLASSIFIED

PAGE 03 CANBER 01508 010655Z

HAS SATISFIED GOVERNMENT'S AIM OF REDUCING LABOR COMPONENT OF NATIONAL INCOME WHILE PERMITTING LABOR TO AVOID PRECIPITATE EROSION OF ITS EARLIER GAINS.

7. GIVEN PRESENT LEVELS OF UNEMPLOYMENT, FREE MARKET DETERMINATION OF WAGES COULD WELL RESULT IN LESSER INCREASES THAN PARTIAL INDEXATION. WITH ELECTION BEHIND IT, GOVERNMENT ACCORDINGLY MUST FEEL ITSELF IN STRONG POSITION POLITICALLY AS WELL AS ECONOMICALLY TO SPEED UP PROCESS OF REDUCING WAGE SHARE TO HISTORICAL LEVELS. THOUGH HALF-YEARLY OR YEARLY HEARINGS WILL NOT, PRESUMABLY, CURTAIL TENDENCY OF ADMINISTERED WAGE SYSTEM TO REDUCE SPREAD BETWEEN SKILLED AND UNSKILLED OCCUPATIONS, IT CAN BE EXPECTED TO FURTHER SLOW RATE OF WAGE INCREASES.

ALSTON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONCILIATION, ARBITRATION, WAGES, COMMITTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 01 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CANBER01508
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780093-0869
Format: TEL
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197803121/aaaadysp.tel
Line Count: 109
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 5fd1d1ba-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 CANBERRA 655, 77 CANBERRA 8666
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3161104
Secure: OPEN
Status: NATIVE
Subject: CONCILIATION AND ARBITRATION COMMISSION ANNOUNCES ITS DECISION IN NATIONAL WAGE CASE
TAGS: EALR, ECON, ELAB, AS
To: STATE USOECD
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/5fd1d1ba-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014